

Message Text

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ACTION AF-06

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FM AMEMBASSY DAR ES SALAAM

TO SECSTATE WASHDC PRIORITY 0760

C O N F I D E N T I A L DAR ES SALAAM 0582

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AF DISSEM AS REQUIRED

E.O.11652: GDS

TAGS: PFOR, EAID, TZ

SUBJECT: POLITICAL DECISION NEEDED NOW ON PL 480/CCC CREDIT
PROGRAM FOR TANZANIA IN FY 1976

REFS: (A) STATE 38039; (B) 75 DAR 4726; (C) 75 DAR 4669

1. SUMMARY. THE TIME HAS COME FOR A DECISION ON US FOOD ASSISTANCE TO TANZANIA FOR FY 1976. HAVING CAREFULLY WEIGHED POLITICAL AS WELL AS ECONOMIC FACTORS INVOLVED, I RECOMMEND A USG OFFER OF 40,000 TONS OF CORN UNDER PL 480 TITLE I, UP TO 50,000 TONS OF CORN UNDER A THREE YEAR CCC CREDIT, AND 20,000 TONS OF SOY FORTIFIED SORGHUM GRITS UNDER TITLE II FOR THE ONGOING TANGOV FAMINE RELIEF PROGRAM. THE FOOD QUESTION SHOULD BE DISPOSED OF ONE WAY OR THE OTHER BEFORE WE PROCEED TO FURTHER EFFORTS TO RESHAPE THE OVERALL US ASSISTANCE PROGRAM TO TANZANIA AND BEFORE THE SECRETARY'S PROPOSED VISIT TO AFRICA. END SUMMARY.

2. FIGURES AND JUDGMENTS DEVELOPED BY (A) USAID/TANZANIA, (B) AGATT NAIROBI ON A RECENT VISIT HERE, (C) THE IBRD REPRESENTATIVE HERE, AND (D) THE TANGOV ITSELF INDICATE THAT TANZANIA WILL REQUIRE FOOD IMPORTS FROM MAY THROUGH SEPT. EXACT AMOUNTS REQUIRED UNCERTAIN. HOWEVER, TANGOV FINANCE MINISTER REITERATED TO DCM FEBRUARY 18 THAT REQUEST ORIGINALLY

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PUT FORWARD IN MAY 1975 FOR 100,000 TONS PL 480 TITLE I CORN

STILL STANDS. (ADDITIONAL SORGHUM AND RICE WERE ALSO REQUESTED LAST MAY.) CONSENSUS OF OBSERVERS NOTED ABOVE IS THAT TANGOV WILL HAVE NET SHORTFALL, EXCLUDING FAMINE RELIEF, OF 80,000 TO 90,000 TONS OF CORN THIS YEAR. RICE AND WHEAT STOCKS ARE ADEQUATE.

3. THIS MISSION HAS SPENT GOOD DEAL OF TIME AND ENERGY IN PAST TWO MONTHS ON STUDY AND ANALYSIS OF TANZANIA'S FOOD SITUATION, OF WHOLE US ASSISTANCE PROGRAM, AND OF TANZANIA'S OVERALL RELATIONSHIP WITH US. WE HAVE RECOMMENDED REDUCTION PROPOSED FY 1976 AGRICULTURAL SECTOR LOAN FROM \$12 MILLION ORIGINALLY PROPOSED TO JUST OVER \$4 MILLION AND PROJECT PAPER AT THIS LEVEL HAS BEEN SENT AID/WASHINGTON. FURTHERMORE, WE BELIEVE THAT AID FY 1977 CONGRESSIONAL GRANT AID PRESENTATION SHOULD BE IN SAME RANGE AS FY 76 PROGRAM, REPRESENTING A SIGNIFICANT CUTBACK FROM LARGER PROPOSAL ORIGINALLY REQUESTED BY USAID/DAR IN ITS BUDGET SUBMISSION.

4. WE HAVE ALSO BEEN CAREFULLY MONITORING A VARIETY OF RECENT DEVELOPMENTS RELEVANT TO OVERALL US-TANZANIA RELATIONSHIP. THE NET RESULT SEEMS ON BALANCE MODERATELY FAVORABLE TO US INTERESTS. FOR EXAMPLE, AMBASSADOR DALIM WAS JANUARY PRESIDENT OF THE UNSC. JUDGING FROM USINFO 042301Z FEB, HIS PERFORMANCE WAS SATISFACTORY. IN OUR DIALOGUE WITH PRESIDENT NYERERE ON ANGOLA, HIS POSITION HAS BEEN SOMEWHAT BETTER THAN MIGHT HAVE BEEN EXPECTED; HE SEEMS TO BE AT LEAST A LITTLE SUSCEPTIBLE TO US INFLUENCE. TANGOV PERFORMANCE ON COMPENSATION TO US NATIONALS FOR EXPROPRIATED PROPERTY HAS SEEN SOME MOVEMENT, ALBEIT AS YET NO BREAKTHROUGH.

5. WE ARE ACUTELY AWARE THAT ANY IMPROVEMENT IN TANZANIA'S POSITION IN TERMS US INTERESTS COULD END SUDDENLY, AND THAT POSSIBILITIES FOR COOPERATION ON INTERNATIONAL SCENE WILL REMAIN VERY LIMITED. WE SEE NO REASON AT THIS TIME FOR USG TO SEEK NEW WAYS TO HELP TANGOV. HOWEVER, TIME HAS COME FOR A DECISION ON THIS YEAR'S FOOD AID. TANZANIA NEEDS TO KNOW VERY SOON WHAT IF ANYTHING IT CAN EXPECT FROM THE US IF ITS OWN EFFORTS DEAL WITH ITS FOOD PROBLEM ARE NOT TO BE UNDERCUT. IN RESTUDYING OUR TOTAL AID PROGRAM, WE SHOULD AVOID AMBIGUITY (IN US AS WELL AS IN TANZANIA) ON THE ESPECIALLY SENSITIVE ISSUE OF

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FEEDING HUMAN BEINGS. THE INFORMATION MOST HELPFULLY SUPPLIED BY DEPARTMENT IN REF A HAS NOW GIVEN US HERE ENOUGH DATA TO COME DOWN ON A RECOMMENDATION AS FOLLOWS.

6. I REQUEST AUTHORIZATION ASAP TO GO TO THE TANGOV AT APPROPRIATE HIGH LEVEL TO PROPOSE:

(A) SUBJECT TO PROMPT AND COMPLETE TANGOV PROVISION OF COMPLIANCE REPORTS REQUIRED FOR FY 1975 PL 480 PROGRAM, TO

SUPPLY OF ALL NECESSARY DOCUMENTATION AND ANY ADDITIONAL FORMAL REQUESTS WHICH MAY BE NEEDED, AND TO USG AVAILABILITIES, THE USG IS PREPARED TO OFFER:

(B) 40,000 TONE OF YELLOW CORN UNDER PL 480 TITLE I,
(C) UP TO 50,000 ADDITIONAL TONS OF CORN UNDER CCC CREDITS,
(D) 20,000 TONS OF SOY FORTIFIED SORGHUM GRITS OR SORGHUM IF GRITS UNAVAILABLE UNDER TITLE II FOR THE ON-GOING TANGOV FAMINE RELIEF PROGRAM.

7. ACTION ON FOOD ASSISTANCE ALONG THE LINES RECOMMENDED ABOVE WILL NOT PREEMPT SUBSEQUENT DECISIONS ON PROPOSED AGRICULTURAL SECTOR LOANS II AND III, ON HANDLING GSP REQUIREMENTS IN REGARD COMPENSATION ISSUE, AND ON THE SIZE AND SHAPE OF FY 1977 AND FOLLOWING AID PROGRAMS. HOWEVER, AN EARLY DECISION ON US FOOD, WHATEVER IT MAY BE, WILL GIVE THE TANGOV A CHANCE TO MAKE ITS OWN IMPORTANT DETERMINATIONS ON FOREIGN EXCHANGE ALLOCATIONS AND NUTRITIONAL NECESSITIES, AND IT WILL GET THIS EMOTIONALLY-LOADED QUESTION OUT OF THE WAY BEFORE THE SECRETARY'S PROPOSED VISIT TO AFRICA.

8. UPON REQUEST WE WILL PROVIDE BACKUP INFORMATION AND DOCUMENTATION ON THE RECOMMENDATIONS ABOVE. WHENEVER WASHINGTON IS READY, WE CAN UNDERTAKE GET PROPERLY DOCUMENTED REQUESTS FOR CCC PROGRAM, TITLE II FAMINE RELIEF PROGRAM, ETC. HOWEVER, I AM NOW ASKING FOR A DECISION ON THE MATTER OF FOOD AID FOR FY 1976. I HOPE IT CAN BE IN ACCORDANCE WITH PARA 6 ABOVE.
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